# GOVERNMENT OF INDIA
# CIVIL AVIATION
# LOK SABHA

STARRED QUESTION NO:65
ANSWERED ON:28.04.2016
Increase in Air Fare
Sreeramulu Shri B.

**Will the Minister of CIVIL AVIATION be pleased to state:**

(a) the salient features of the existing policy to determine air fare by the private airlines;

(b) whether the Government is aware of unethical practices indulged in by private airlines, including the astronomical rise in air fare by them during peak season/ holidays, if so, the details thereof;

(c) whether the Government/ Directorate General of Civil Aviation (DGCA) has penalised private airlines for indulging into unethical practices and other violations, if so, the details thereof during the last two years and current year, airlinewise; and

(d) the steps taken/proposed to be taken by the Government/DGCA to rein the private airlines and also contain the rise in price of air fares?

## Answer

Minister of CIVIL AVIATION
(Shri Ashok Gajapathi Raju Pusapati)

(a) to (d):- A statement is laid on the table of the House.

STATEMENT TO BE LAID IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 65 FOR ANSWER ON 28.4.2016 REGARDING INCREASE IN AIR FARE.

(a) to (c): Air fares are not regulated by the Government. With the repeal of Air Corporation Act in March, 1994, the provision of air fare approval was dispensed with by the Government. At present, under the provision of Sub Rule (1) of Rule 135, Aircraft Rules 1937, airlines are free to fix
tariff having regard to all relevant factors, including the cost of operations, characteristics of service, profit and the generally prevailing tariffs. Air fare so established by the airlines is published on their respective website under the provision of Sub Rule (2) of Rule 135, Aircraft Rules 1937.

Air fare pricing forms the strategic framework of airlines to respond to the demand/supply and market dynamics through inventory management process which provide for different buckets for the same travel class. The domestic airline pricing runs in multiple levels [bucket or RBD Reservation Booking Designator)] which are in line with the practices followed globally. Purchase of tickets in these various buckets, are subject to availability of seats in that particular class/category at that point in time in the respective category. Usually, the lower levels of fare in fare bucket are assigned to advance purchase (popularly known as Apex Fares) bookings (e.g. up to 90,60,30,14 and 07 days before departure). As time lapses and date of journey approaches, (within 07 days of date of departure), the fares in higher side of fare bucket become available for purchase. The change in air fares is dynamic. Fares increase with increase in demand for seats on any given flight and as a flight''s available seat inventory diminishes, lower bucket fares may no longer be available.
Hence, a passenger who makes a booking closer to the date of travel may not get the lower fares as the inventory earmarked for these lower fares may have already been exhausted. Conversely, there have also been instances where lack of demand for a given flight translates to lower fare
buckets remaining open even closer to the date of departure. It is also submitted that an airline seat is a perishable commodity, as once a flight takes off, its unsold seat has no value.

Airlines remain compliant to the regulatory provision of Sub Rule 02 of Rule, 135, Aircraft Rule 1937 as long as the fare charged by them does not exceed the fare structure displayed on their website.

(d): In order to prevent excessive charging and sudden surges in airfares and to promote transparency by scheduled domestic airlines, DGCA has issued Air Transport Circular 2 of 2010 wherein airlines are required to display on their respective websites, the route-wise tariff sheet across
their network in various fare categories and the manner it is offered in the market. The intention behind the above directions is to keep the passengers informed of pricing pattern of airlines.

DGCA has also set up a Tariff Monitoring Unit that monitors airfares on certain routes selected on random basis to ensure that the airlines do not charge airfare outside the range declared by them.